GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:214
ANSWERED ON:16.12.2003
INCREASE IN FERTILIZER SUBSIDY BILL
CHARAN DAS MAHANT

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) Whether the steep hike in prices of fertilizers due to rise in international prices of ammonia and phosphoric acid, the subsidy bill of the Government has increased;

(b) If so, the facts and details thereof;

(c) the steps taken by the Government to curtail burgeoning of subsidy bill;

(d) whether the burgeoning of subsidy bill on fertilizers has any impact on fertilizer- based projects; and

(e) if so, the details thereof ?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZRS (SHRI SUKHDEV SINGH DHINDSA)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.214 to be answered on 16.12.2003.

(a) & (b) The selling price of fertilizers to the farmers has remained unchanged under the Government policy of fixing Maximum Retail Price since 12.3.2003. However, there have been increases in the international prices of ammonia and phosphoric acid, which are the key raw materials for manufacturing phosphatic and potassic fertilizers. This is likely to impact the subsidy burden of the Government in case of DAP and N P K complexes.

(c) to (e) The production of the DAP and NPK fertilizers in the country isalmost fully dependent on the imported raw materials/ intermediates and the prices of these inputs are governed by the demand supply position. However, Government keep a watch on the prices of these inputs specially on the import of phosphoric acid and encourage the manufacturers to procure these inputs at competitive prices. The phosphatic and potassic fertilizer manufacturers are paid subsidy based on their sales for agriculture uses under the Concession Scheme. The Government pays concession/ subsidy to the manufacturers (equivalent to difference between normative delivered cost and the Maximum Retail Prices). The concession/ subsidy is announced on quarterly basis after updating the prices of imported raw materials/ intermediates (including ammonia and phosphoric acid) and foreign exchange rate.